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Peak demand up 1% for 1981, survey shows

Contrary to most predictions, utility peak demand for 1981 will be only about one percent greater than last year, a survey by *EL&P* has determined.

A telephone survey of 59 utilities across the country showed that peak demand had risen this year by only 1.1 percent, with nearly all the electric companies queried presumably having reached their maximum demand for the year in early September (see table).

The survey also produced summer-to-summer peak data for 46 companies. The data here reveals that 1981 peak demand increases will be even less: up 0.4 percent for the year, startlingly less than the 4.4 percent peak load growth predicted by the Edison Electric Institute.

As reported in the August 1981 issue of *EL&P*, the seasonal 1980 peak increased 5.4 percent over the 1979 increase, and the current findings of only a 1.1 percent increase for 1981 represent a severe dampening of demand across the country. While no overriding reason could explain the slowdown, a cooler summer this year and certain power generation changes at some utilities seemed to be offered most often. Conservation was also said to have had its effect.

To give some idea of the sample size used by *EL&P* in its survey, the 46 companies reporting their summer peaks represent a combined megawatt total of 256,460 in 1980. This compares with the cumulative number of 438,150 MW used by the Edison Electric Institute as representing peak demand on the entire electric utility industry for 1980. What this means is that *EL&P* has queried 58.5 percent of the industry, if megawatts, not number of utility companies, are used as the standard of determination.

While results obtained by *EL&P* for the aggregate value of summer peak growth contrasts drastically with that of EEI (0.4% vs. 4.4%, respectively, from 1980 to 1981), the *EL&P* numbers come closer to those estimated by the National Electric Reliability Council. Adding all the summer peaks together for 1980 and 1981 (estimate), NERC comes up with 427,058 MW and 430,398 MW, respectively, or a projected summer peak demand increase for 1981 of 0.8 percent. This is much closer to *EL&P's* figure, but still greater by a factor

Continued on page 3

Will Reagan's sharpened budget ax fall?

House okays Clinch River funding; Senate to debate

WASHINGTON, D.C.—The House of Representatives has approved $228 million for construction of the Clinch River breeder reactor project, and at press time in mid-September it appeared that the Senate would likewise authorize funding.

The Energy and Water Development subcommittee of the Senate Appropriations Committee had recommended to the full committee that it adopt the House funding of $228 million but it was not clear if the committee would go along with the proposal. In mid-September, the committee had not yet scheduled a time to meet.

Although there were some vague references that a possible amendment would be introduced when the full Appropriations Committee met, earlier speculation saw funding for Clinch River sailing through the Senate in relatively becalmed waters.

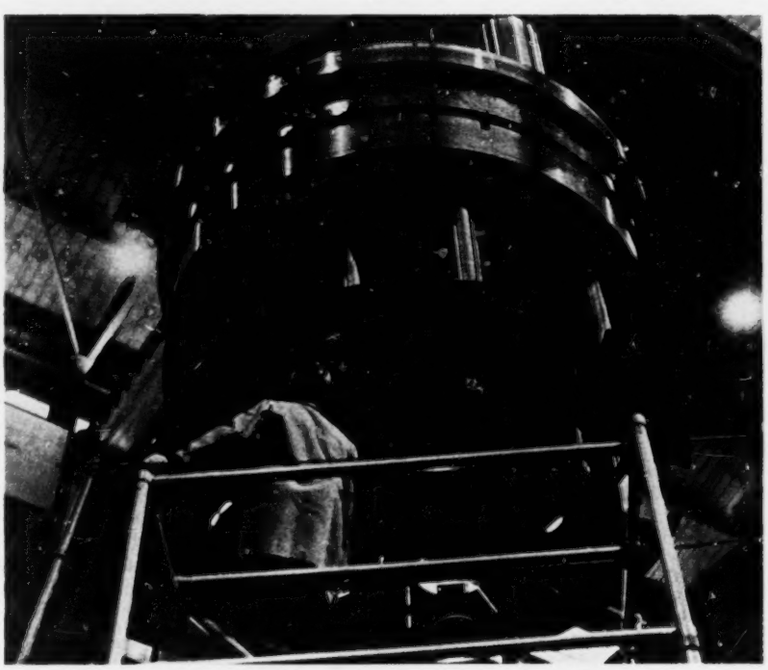
One Senate staffer noted that it was the administration that had proposed funding for the project and that the measure of opposition encountered in the House would not be experienced in the Republican Senate. Yet, the necessity for President Reagan to start on a second round of budget cuts has changed the basis of earlier predictions, notwithstanding the fact that Senate majority leader Howard Baker (R., TN) stands behind the project.

After extended debate, the House finally rejected, by 206 to 186, a proposed amendment to delete funding for Clinch River. The amendment, introduced by Rep. Lawrence Coughlin (R., PA), was said by its advocate to have been introduced on behalf of a bipartisan group of representatives who had looked into the project and found it wanting.

"This year," Coughlin said early in the debate on the floor of the House, "the administration adopted a philosophy that if an energy R&D project does not warrant private investment, it should not receive federal support.

"There followed a wholesale slaughter of

Continued on page 11



This large assembly is part of the Clinch River breeder reactor vessel closure head and has recently been completed at the Chicago Bridge and Iron Co. in Memphis, TN. The $16 million assembly forms a cover for the reactor vessel and supports associated reactor equipment. It features three eccentric, independently rotating plugs that allow access inside the reactor vessel without removal of the reactor head. The large component will be tested during 1981 and is to be shipped to the plant site in 1982.

EL&P® Late News

The Zion nuclear plant containment will not release radioactive materials even under core melt conditions, a study coordinated by the plant's owner Commonwealth Edison Company says. "Even if the plant were to incur the most serious of accidents, a core meltdown, ...there is better than a 99 percent probability that there would be no significant release of radioactive material," the utility says in describing the study. The study, which is 6,000 pages in 10 volumes, was undertaken 18 months ago after the Nuclear Regulatory Commission expressed concern that because the Zion plant was in a high population area the public might be unduly endangered by operation of the plant. But according to CECo, the NRC staff at that time did not consider Zion's "unique" design features when it made its rather generalized probability calculations. The study reportedly shows that there is only a slight likelihood of a core melt at Zion. It was also found that the most significant risk to the plant would be an earthquake more severe than the worst on record in northern Illinois. The Zion station probabilistic study, conducted by Edision scientists and outside consultants, was presented to the NRC in mid-September.

The average price of electricity in the U.S. in July was $35.74 for 500 kWh the Bureau of Labor Statistics of the U.S. Department of Labor has determined. Among the 28 metropolitan areas surveyed, Honolulu, Hawaii had the highest price, reflected in a cost of $62.22 per 500 kWh. This was followed, not unexpectedly, by New York and northeastern New Jersey. There the price for 500 kWh of electric energy was $61.87. The Seattle-Everett area in Washington state had the lowest price: $11.92 per 500 kWh, followed by the area around Portland, Oregon which had a price of $22.82 per 500 kWh.

Continued on page 2

Citibank analysis dispels popular belief

High interest rates aren't coupled to budget deficits

NEW YORK CITY—As President Reagan starts on his second round of budget cuts after being pressed to concede that the budget deficit for fiscal year 1982 will exceed his promised limit of $42.5 billion, utility managers across the country can be imagined slapping their foreheads in agony that interest rates will almost assuredly remain high.

While no one can say for sure just what interest rates will do, it now appears that deficits have been getting a lot of bad press, especially as they are believed to cause high interest rates. Citibank of New York looked into the matter recently and decided that deficits have been taking a bum rap.

Citibank found that during the 1950s, 1960s, and 1970s, interest rates tended to move inversely to movements in the federal deficit. As deficits rose, interest rates fell. This was seen to have been largely due to the fact that a weak economy reduced federal revenues. Thus, the government was borrowing while the private demand for credit dropped, thus demonstrating that the supply and demand for credit are both highly elastic.

Economists at Citibank therefore don't see a substantial "crowding out" effect on private borrowing when the federal government has to finance federal operations. This is dependent, of course, on a non-ac-

Continued on page 10

EL&P® Late News

The financial health of the electric utility industry will be probed by the National Association of Regulatory Utility Commissioners. The association has formed an *ad hoc* committee that will conduct public hearings on the question. Representatives of the industry and of the financial community, consumers, environmentalists, and other interested parties will be invited to testify and to present information. Based on the evidence presented in these hearings, the *ad hoc* committee will prepare a report and make recommendations to rectify any perceived problems regarding the financial health of the industry. The *ad hoc* committee is made up of seven state commissioners, at least one commissioner from each of the five regional affiliates of NARUC. In a resolution passed by the association, it was revealed that utility commissioners are concerned about reports of financial distress "in an industry vital to the economic welfare of the nation." Appointed to serve on the *ad hoc* committee are Edward P. Larkin, New York PSC, chairman and liaison executive; John E. Bryson, California PUC; Robert K. Koger, North Carolina Utilities Commission; J. Michael Love, New Hampshire PUC; Diane B. McCarthy, Arizona Corporation Commission; Larry J. Wallace, Indiana PSC; and Stanley York, Wisconsin PSC. The public meetings will be conducted in Hearing Room A of the Interstate Commerce Commission Building, Constitution Avenue and Twelfth Street, N.W., Washington, D.C. from 9:00 a.m. to 5:00 p.m., Thursday and Friday, October 15-16, 1981.

Radioactive material control and accounting regulations may change if the U.S. Nuclear Regulatory Commission decides to implement some of its proposed modifications in this area. The NRC wants to know if it should retain the existing requirements or adopt one of four alternative options. Present rules focus on detailed after-the-fact accounting to monitor the status of enriched uranium and plutonium fuel at manufacturing facilities. The current regulations rely primarily on conducting facility-wide inventory accounting every 60 days and making detailed comparisons of material-on-hand versus book values. Alternative options range from minor modifications that would improve the timeliness and localization of inventory accounting to the actual reform of the present material control and accounting requirements. Such reform, which is proposed in varying degrees, would decrease reliance on the after-the-fact inventory accounting now being used. Detailed descriptions of the five options being considered are contained in the *Federal Register* of September 10, 1981. The NRC is seeking public comment on the options and interested persons can respond by writing to the Secretary, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555. Comments must be received by November 9, 1981.

Omaha Public Power District settles Fort Calhoun cancellation claim brought against it by the Westinghouse Electric Corporation. The settlement was estimated at $22.5 million, according to the utility. Westinghouse sought $63 million, including interest. The second unit at the Fort Calhoun nuclear station was cancelled in 1977, three years after initial approval by the OPPD board. Said OPPD general manager Bernard W. Reznicek, "This negotiated settlement is in the best interest of the district's customer-owners, just as the 1977 decision to cancel has proved to be." Added district treasurer John Munnelly, "If we had not cancelled that unit, its cost would have risen from $800 million to as much as $3 billion, and our customer-owners would be paying 50 percent more for their electric service..."

Atlantic City's hotel-casinos will pay marginal prices for their electricity says the New Jersey Board of Public Utilities. The decision of the BPU was based on the facts that the casino hotels are both readily isolated and identifiable as a customer group with a particular load and growth characteristic, that they accounted for 70 percent of Atlantic Electric's growth in 1980 and are expected to represent 25 percent of the utility's total load growth during the balance of the decade. Considerable testimony was heard as to whether the rate-making treatment afforded the casinos would be discriminatory, but said commission Edward H. Hynes, " . . . it is my opinion that any other treatment would be discriminatory. It would force other utility customers to pay for the growth in load caused by the casino hotels."

In This Issue

New wet/dry condenser cooling technology is being developed at an EPRI-sponsored test site at Pacific Gas & Electric. **E/G** 19

Availability of coal processing machinery at Southern California Edison Company's Mohave plant has been improved through an elaborate preventive maintenance program. **E/G** 24

A machinery vibration monitoring system has been installed at Mississippi Power & Light Company's Grand Gulf nuclear station. **E/G** 27

Transformer rebuilding at Detroit Edison provides employment for handicapped workers and saves the utility money. **T/D** 31

Truck rebuilding at Pennsylvania Power & Light Company starts from the ground up. **T/D** 31

Gas insulation technology review—a look at the forefront of new developments presented at the recent IEEE/PES conference in Minneapolis. **T/D** 33

Reader Service 55

New Products 57

New Literature 61

Advertisers' Literature 63

Regulatory Review 70

Personnel 65

Management Methods 71

Calendar 17

EL&P readers whose responsibilities include both Generation and Transmission/Distribution receive both technology sections. Other readers receive the technology section that applies to their respective area of responsibility. The Generation edition is indicated by a single dot (•) in the upper right corner of page 1; the T/D edition carries two dots (••). All readers receive EL&P's industry news section.

JCP&L gets rate hike; some Forked River AFDC disallowed

PARSIPPANY, N.J. — The New Jersey Board of Public Utilities has given Jersey Central Power & Light Company a $110.7 million increase in base rates, and although the board provided sufficient funds to amortize most of the abandoned Forked River nuclear project, it eliminated about $27 million in credits for allowance for funds used during construction (AFUDC). The sum eliminated represented AFUDC credits accrued from the time of the March, 1979 accident at TMI-2, when the company halted construction of Forked River, until April, 1980 when it stopped accuring AFUDC on the project.

The disallowed portion of the increase will have to be written off without a directly offsetting revenue increase, General Public Utilities chairman William G. Kuhns said.

The GPU subsidiary had asked for $173 million overall base rate increase in April 1980. Last May, the New Jersey Board approved a $60 million interim increase. The current order makes that increase permanent and gives the company an additional $50 million.

While the board's action to disallow a certain part of AFUDC is important and carries serious implications for the industry, it is not unprecedented. Over three years ago, when San Diego Gas & Electric decided to abandon its Sundesert nuclear plant, about $4.5 million in AFUDC was disallowed by the California commission. It is believed that other utilities have suffered a similar fate at the hands of state commissions.

TMI units from the base rates of JCP&L, Metropolitan Edison, and Pennsylvania Electric. This removal continues to have a severe impact in GPU's financial viability, Kuhns said.

Second quarter results showed a loss of $2.4 million, or 4 cents per share of common stock before two extraordinary items are considered (see table).

The first item is the April 9, 1981 rate order of the Pennsylvania Public Utility Commission requiring that Met Ed and Penelec cease depreciation on both TMI units. After discussions with the PUC and with the Federal Energy Regulatory Commission GPU was able to continue depreciation for TMI unit 2. This action resulted in an increase in income (after all tax effects) of $2.6 million, or 4 cents per share.

The second extraordinary item resulted from the July 23 order by the New Jersey Board of Public Utilities. Although the board granted about $50 million increase in base rates, including rates to amortize most of the cost of the cancelled Forked River nuclear project, it nevertheless disallowed related AFUDC. According to GPU, the commission's action resulted in an extraordinary charge against net income of $26.9 million, or 44 cents per share during June 1981.

At the end of June, Met Ed and Penelec again filed for annual base rate increases of $206 million and $113 million, respectively. GPU says that about half of each increase is to be used for activities related to getting TMI unit 1 back into the rate base and decontamination costs associated

GPU REPORTS SECOND QUARTER RESULTS

Three Months Ended June 30	1981	1980
Sales of electricity (GWH)	7,412	7,391
Total revenues (000)	$476,159	$425,010
Revenues other than those related to energy costs (000)	$255,010	$231,740
Net (loss) (000):		
Before extraordinary items	$ (2,357)	$ (8,354)
Extraordinary items, net of taxes	$ (24,313)	$ –
After extraordinary items	$ (26,670)	$ (8,354)
Per share:		
Before extraordinary items	$ (.04)	$ (.14)
Extraordinary items, net of taxes	$ (.40)	$ –
After extraordinary items	$ (.44)	$ (.14)
Common shares outstanding (000)	61,264	61,264

Kuhns scored the commission for rendering a decision that "runs counter to what was recommended by the administrative law judge and the BPU's own staff." He also hit what he said was an inordinate delay by the commission in making its decision.

"The board's decision to grant JCP&L even less than what the BPU's own staff recommended raises serious concerns over the future financing capabilities of the company and its ability to render adequate and reliable service to its customers," Kuhns said.

He added, "We are especially concerned about the severe impact this inadequate rate order will have on JCP&L's ability to meet its financial obligations in 1982, the greatest uncertainity being how the banks involved in the Revolving Credit Agreement will view this unsettling development."

Kuhns said he was particularly concerned with the continuing exclusion of Three Mile Island unit 1 from base rates. The commissions in both New Jersey and Pennsylvania have removed both TMI units from the base rates of JCP&L, Metropolitan Edison, and Pennsylvania Electric. This removal continues to have a severe impact in GPU's financial viability, Kuhns said.

Dividend omitted again

In August, GPU board of directors again voted to omit the quarterly common stock dividend charging the utility's continuing critical need to conserve cash. The action marked the seventh consecutive quarter GPU has not paid a dividend to its 143,000 common stockholders. A reduced dividend payment was last made to shareholders in the final quarter of 1979, GPU reported.

Perfex opens office

MILWAUKEE — The Energy Systems division of the Perfex Group, McQuay-Perfex, Inc., has opened a regional office in King of Prussia, Pa. The supplier of utility heat exchangers and feedwater heaters will service the 13 northeastern states, from Pennsylvania and Delaware north, from the office. Joe Bruno is the regional sales manager.

Peak demand growth . . . from page 1

of two.

A check with the Electric Power Research Institute determined that that organization does not have comparable near-term forecasts.

Last year, the five contiguous states of Kansas, Missouri, Oklahoma, Arkansas, and Texas endured weeks of temperatures at least 8 degrees above normal—the nominal definition of a heat wave. Starting the last week in June, 1980, portions of these states were afflicted with heat that was the most extreme in the U.S. since 1954, the National Climatic Center of the National Oceanic Atmospheric Administration reports.

It would be reasonable to posit that electric utilities in those states would have set all-time records of peak demand in 1980 and that 1981 should show a marked decline. Yet, based on the utilities in those states surveyed by *EL&P* this does not seem to be the case. Nine utilities in the region had an aggregate 1980 season peak demand of 53,763 MW and this grew in 1981 by 0.69 percent to 54,136 MW. Despite what could have been expected to be the largest peak demand last year, utilities in the region are still growing, trailing national peak demand growth only slightly for the year.

Electric companies contacted by *EL&P* that were part of last year's heat storm were Central and Southwest, Gulf States Utilities, Houston Lighting & Power, Kansas City Power & Light, Kansas Gas & Electric, Kansas Power & Light, Oklahoma Gas & Electric, Texas Utilities, and Union Electric.

It is interesting to note that Texas Utilities, which is a holding company for Dallas Power & Light, Texas Electric Service Company, and Texas Power & Light, had a peak demand that was absolutely flat from 1980 to 1981. These subsidiary companies were right in the middle of last year's Texas swelter and if any companies could have been expected to show a sharp decline in peak demand these would have been the ones. Yet according to a spokesman for the parent company, the cooler summer in 1981 was just exactly offset by the growth in the Texas area.

Blackouts in the Pacific Northwest?

Of four major utilities surveyed in the Pacific Northwest, three of them had substantial drops in peak demand as compared with 1980: Pacific Power & Light was off 9.6 percent this year, Portland General Electric had a 1981 peak load reduction of 11.6 percent, and Puget Sound Power & Light fell 9.9 percent. The other utility in the region surveyed by *EL&P*, Pacific Gas & Electric, showed a moderate increase of 1.8 percent.

As a group, these four western utilities had a slight peak demand decrease of 0.3 percent. If this calculation holds up when all the 1981 data is tabulated, and if this suggests a trend in that region, then that area of the country usually fingered as the one going dark may, in fact, have excess capacity.

It is also noteworthy that Pacific Gas & Electric Company, which had a peak demand increase this year of 1.8 percent has the two Diablo Canyon nuclear plants nearing completion, representing a combined generating increase for the area of 2,190 MW. The start-up of unit 1 is imminent. In addition, next year is expected to see the start up of unit 2 of the San Onofre nuclear plant being constructed by Southern California Edison. (SoCalEd had a peak demand increase this year of 7.0 percent over 1980). In 1983, unit 3 of the San Onofre nuclear station will go into operation. These two plants, which are currently at 98 percent and 78 percent construction completion, represent a combined total of 2,200 MW of additional capacity to the area. Overall, conservation does appear to be making a mark on the generating profile in the west.

Finally, the two Florida utilities surveyed both showed increases in peak demand as compared to last year. Florida Power & Light showed an increase of 10.3 percent and Florida Power an increase of 1.5 percent. Florida, like California, is a state that is often pictured as having a strong potential to experience power shortages. Opponents to this view often point to the fact that any shortages likely to occur in Florida are more apt to be caused by transmission problems than by generating deficits. A peak demand growth of over 10 percent, however, if such growth continues, may cause such critics to give their analyses a second look.

PEAK DEMAND*

Utility Co.	1980 season peak—MW	1981 season peak—MW	Percent change
Allegheny Power System	5,272 (W)	5,564 (W)	+5.5
American Electric Power	19,488 (W)	20,762 (W)	+6.5
Arizona Public Service	2,773	3,006	+8.4
Baltimore Gas & Electric	3,969	3,871	-2.5
Boston Edison	2,101	2,000	-4.8
Carolina Power & Light	6,139 (S)	6,402 (W)	+4.3
Central & Southwest	8,913	9,157	+2.7
Cincinnati Gas & Electric	3,154	3,140	-0.5
Cleveland Electric Illuminating	3,325	3,447	+6.9
Commonwealth Edison	14,228	13,299	-6.5
Consolidated Edison	7,276	7,063	-2.9
Consumers Power	4,540	4,703	+3.6
Detroit Edison	6,703	7,171	+7.0
Duke Power	10,364	10,602	+2.3
Duquesne Light	2,474	2,522	+1.9
Florida Power & Light	9,732 (W)	10,738 (W)	+10.3
Florida Power	4,419 (W)	5,088 (W)	+1.5
General Public Utilities	6,163 (S)	6,215 (W)	+0.8
Gulf States Utilities	5,604	5,542	-1.1
Houston Lighting & Power	10,266	10,559	+2.8
Idaho Power	1,963	2,117	+7.3
Illinois Power	3,150	3,099	-1.6
Iowa Electric Light & Power	900	914	+1.6
Iowa Resources	1,150	1,165	+1.3
Kansas City Power & Light	2,198	2,123	-3.4
Kansas Gas & Electric	1,727	1,681	-2.7
Kansas Power & Light	1,835	1,725	-6.0
Kentucky Utilities	2,185	2,150	-1.6
Long Island Lighting	3,143	3,132	-0.4
Middle South Utilities	11,769	11,448	-2.7
Montana Power	1,171 (W)	1,124 (W)	-4.0
New England Electric System	3,140 (S)	3,144 (W)	+0.1
New York State Elec. & Gas	2,138 (W)	2,170 (W)	+1.5
Niagara Mohawk Power	5,543 (W)	5,616 (W)	+1.3
Northeast Utilities	4,050	4,130	+2.0
Northern Indiana Public Service	2,224	2,183	-1.8
Northern States Power	4,873	4,678	-4.0
Ohio Edison	4,210	4,148	-1.5
Oklahoma Gas & Electric	4,260	4,420	+3.8
Pacific Gas & Electric	13,440	13,680	+1.8
Pacific Power & Light	4,226 (W)	3,820 (W)	-9.6
Pennsylvania Power & Light	4,468 (W)	4,945 (W)	+10.7
Philadelphia Electric	6,095	5,731	-6.0
Portland General Electric	3,041 (W)	2,687 (W)	-11.6
Potomac Electric Power	4,142	4,152	+0.2
Public Service of Colorado	2,772	2,810	+1.2
Public Service of Indiana	3,896	3,942	-1.2
Public Service Elec. & Gas	7,159	7,034	-1.7
Puget Sound Power & Light	3,600 (W)	3,242 (W)	-9.9
Rochester Gas & Electric	1,003	1,048	+4.5
Sierra Pacific Power	590	625	+5.9
South Carolina Elec. & Gas	2,489	2,557	+2.7
Southern California Edison	12,841	13,738	+7.0
Southern Company	19,533	19,412	-0.7
Texas Utilities	12,970	12,970	0.0
Union Electric	5,990	5,959	-0.5
Utah Power & Light	2,745	2,591	-5.6
Virginia Electric & Power	8,484	8,638	+1.8
Wisconsin Electric Power	3,346	3,290	-1.7
Wisconsin Public Service	1,109 (W)	1,133 (S)	+6.7
	322,491	326,022	+1.1

*All are summer peaking utilities except as otherwise designated.

EEI seeks new legislation for TMI cleanup financing

KANSAS CITY, MO — In effect adopting the shared cost approach outlined by Pennsylvania Governor Dick Thornburgh, the board of directors of the Edison Electric Institute has recommended that the electric utility industry raise $192 million over the next six years to help cleanup the mess at Three Mile Island.

The money, if it is ultimately collected and passed along to General Public Utilities, would pay for about 25 percent of the currently estimated clean up costs.

Last July, Thornburgh had called for a 50-50 split of funding between nationwide and area sources (see *EL&P*, September, 1981, page 2). Under the plan, nationwide sources are the nuclear industry and the federal government. Each would be responsible for 25 percent of the clean up costs, or about $190 million each. The remaining 50 percent would be shared by GPU, unpaid insurance, the Commonwealth of Pennsylvania and the State of New Jersey. In his plan, Thornburgh assumed a clean up cost of $1.034 billion minus the estimated $274 million that will have been spent through 1981.

The recommendation to the electric utility industry made by the EEI board of directors has behind it the idea that one half of the $192 million would come from the electric utility industry at large, while the second half would come from those electric companies that operate nuclear units.

In the first case, the assessment across the electric utility industry would be made on the basis of a percentage of kilowatt-hour sales by each company. In the second case, electric companies that own nuclear units will be assessed a "surcharge" based not on the kilowatt hour sales but on the nuclear capacity they have in place. Unlike the cleanup funding plan outlined by Rep. Allen Ertel of Pennsylvania, which only assesses operating nuclear plants, the EEI proposal would cover all those nuclear plants that are not operating yet but have received a construction permit. Hence, the capacity rather than the energy charge. In effect, electric utilities that have nuclear plants would be assessed twice.

For example, Commonwealth Edison, with its large nuclear inventory, would be paying $1.26 million per year for the next six years, a spokesman for the utility said. The company has calculated that its contribution based on its 1980 kilowatt-hour sales would be about $467,000 while the assessment based on its nuclear capacity would be 800,000.

One reason the EEI proposal may find favor with large nuclear utilities is that, unlike the Ertel effort, a ceiling is put on the amount a utility must contribute based on its nuclear capacity. Commonwealth Edison, for instance, is paying the maximum 5 percent of nuclear capacity because a straightforward calculation would have taken it above this amount. The EEI "lid" sets 5 percent as an upper limit here.

Outside of the recommendation by the EEI board of directors and the release to the press of information on the plan, what is being done to implement the proposal, EEI was asked. According to EEI senior vice president Jack Kearney federal legislation is being considered to transform the Institute's recommendation into a mandate.

"If all utilities were required to do this, this would assure equitable distribution of the funding commitment as we have proposed," Kearney said. As a first step, he added, it will be necessary to talk to persons on Capital Hill. As of mid-September though, no Senator or Representative was being eyed as the focus of such an effort, Kearney said.

If legislation can be passed to make the plan mandatory, EEI believes this will also help the public utility commissions to pass the costs of the utility contributions along to ratepayers.

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Illinois AG, City of Chicago challenge CECo rate increase

HICAGO — The Illinois Attorney eneral's office and the City of Chicago ave gone to court to contest the recent te increase secured by Commonwealth dison Company.

On July 1, 1981, the Illinois Commerce ommission granted the utility a general te increase of 14.5 percent, representing revenue hike of about $504 million (see *L&P*, August, 1981, page 23). In Novemer, 1980, the commission had granted the ompany an interim rate hike of 8.9 perent and the July ruling by the ICC made at increase final while granting an additional 6 percent in revenues. That interim te hike has become the focus of the Illiois AG's appeal.

Wants interim order reexamined

"We think that before a final order is isued, the commission must examine the interim order," Jeff Paulson of the Attorney eneral's office said. He noted that the recrd of the rate increase case shows that the ommission did not conduct extensive revaluation of the interim action before isuing the final order. "We think they hould," he said.

"first" for AG

After being denied a rehearing before he commission, the Illinois AG appealed the Circuit Court of Cook County (Illinois). This is believed to be the first time that the Illinois attorney general has challenged a rate case of this type.

The AG contends the commission failed to make findings supporting the granting of interim relief in its July 1, 1981 order and thereby precluded effective judicial review of the order.

The AG also contends that the Illinois Commerce Commission has never developed or applied consistent standards for interim relief and "arbitrarily uses different standards depending on the case." Such an approach also prevents judicial review, the state argues.

Cites income excess

According to the AG, Commonwealth Edison's actual 1980 total electric generating income exceeded by $14.8 million the forecasted income upon which the commission based its interim order. "(T)o that extent the granting of interim relief was excessive and should be refunded," the state contends.

Among other things, the state also argues that the utility's operating income, operating revenues, net income, rates of return, and coverage ratios had increased and were projected to increase in the future as the result of the $390 million rate increase granted to the utility in February, 1980.

City of Chicago complaint

Chicago has also appealed the ICC's decision to grant Edison its recent rate hike. The city claims the commission erred in allowing the utility to use a forecasted test year as the basis for its rate increase request. Noting that Comm Ed used a test year ending June 30, 1982 as ratemaking data for operating and maintenance expenses, counsel for the city said, "Edison had presented only 7 months of actual data for its test year ending June 30, 1981. To allow a test year ending June 30, 1982, for any rate making purpose, amounts to compounding conjecture and speculation. All jurisdictions which regulate public utilities confine their test years to some months of actual results."

Question "future" test period

The city said many jurisdictions allow out-of-test year results only for known and measurable changes. But in this proceeding, the commission is said to have allowed out-of-test year adjustments based upon actual data for 7 months and estimated data for 17 months.

Noting that Edison has changed its in-service date for its La Salle nuclear plant and had reduced it estimated plant additions by some $76 million, the city argued that such modifications demonstrate the error of permitting completely forecasted future test years.

"Also," the city said, "the commission can take administrative notice of the in-service dates of Edison's Byron and Braidwood nuclear units." (A check of the American Nuclear Society's world list of nuclear power plants shows that the Byron and Braidwood plants have had their expected commercial operation dates pushed back 5 to 6 years since they were first announced.)

The city also hit the decision of the commission to allow unit 1 of the Dresden nuclear plant in the rate base. Because it is expected to be out of service until June, 1986, the city contends Dresden should be treated as retired.

CECo responds

Commonwealth Edison believes the court will not dismantle what the commission has put in place. "We're confident the court will uphold the decision rendered by the ICC," Edison spokesman John Hogan said. He said the commission made a "sound decision" based on proceedings that lasted 11 months and included over 100 intervenors.

Added Hogan, "The courts historically have been most reluctant to interfere with decisions made by the commission and we are confident this will continue."

Electricity prices outpace 1980 CPI, NARUC study indicates

ASHINGTON, D.C. — The price of lectricity during 1980 rose faster han the consumer price index during he same period, a report by the National Association of Regulatory Utility Commissioners has found.

Randomly sampling 50 of the 198 service territories examined in the study showed that residential electric bills increased about 17.25 percent over those bills reported in a similar NARUC study conducted a year ago. During the same period the consumer price index jumped only 11.3 percent.

Using a 500 kWh per month consumption level as the basis of comparison, the random sample indicated that electricity costs climbed from about 5.4 cents per kWh to 6.33 cents per kWh during the 12-month period.

This is the third nationwide winter survey of residential electric bills released by NARUC. The report contains winter 1980-81 residential electric bill comparisons for the largest service territories of the major regulated electric utilities in 49 states, the District of Columbia, and Guam. (The state of Nebraska does not regulate electricity).

The report, which is said to be the most comprehensive residential electric bill survey yet conducted by NARUC, provides a national ranking of each service territory included in the study.

The chart shows that of the 25 major U.S. cities, residents of New York City paid the highest average cost in cents per kWh (11.67 cents) from December to February. Other high average costs were paid by residents of Honolulu, HI (10.06 cents); San Diego, CA (9.89 cents); and Boston, MA (9.45 cents). Of the 25 selected major U.S. cities, St. Louis, MO was found to have the lowest cost per kWh, with residents there paying 4.36 cents per kWh. Other low bills were found in Atlanta, GA (4.70 cents); Okalhoma City (4.75 cents); and Cincinnati, OH (4.89 cents).

Rates vary considerably

The report documents that residential electricity bills vary widely and depend on the service territory in which the customer is located. In 12 service territories, for example, consumers are paying more than 10 cents per kWh, while in 16 other service areas, consumers are paying less than 4 cents per kWh. The actual cost to the consumer, however, is dependent not only on the actual usage level but on applicable state sales taxes as well.

A copy of the 210-page report may be obtained from NARUC, P.O. Box 684, Washington, D.C. 20044. The price is $10.75 per copy.

COST OF 500 KILOWATT-HOURS OF ELECTRICITY IN 25 MAJOR U.S. CITIES
Winter 1980-81

Name of City	Name of Utility Company	Dec. '80	Jan. '81	Feb. '81	Total Bill (1500 KWH)	Avg. Cost in ¢/KWH (Dec.-Feb.)	Rank Among 25 Major U.S. Cities	Nationwide Rank
New York, NY	Consolidated Edison Company	54.90	58.82	61.37	175.09	11.67	1	4
Honolulu, HI	Hawaiian Electric Company	44.87	48.31	57.68	150.86	10.06	2	11
San Diego, CA	San Diego Gas & Electric Company	48.53	48.53	51.30	148.36	9.89	3	13
Boston, MA	Boston Edison Company	46.13	46.13	49.45	141.71	9.45	4	17
El Paso, TX	El Paso Electric Company	43.46	43.86	39.54	126.86	8.46	5	26
Philadelphia, PA	Philadelphia Electric Company	38.12	38.68	38.68	115.48	7.70	6	36
Pittsburgh, PA	Duquesne Light Company	35.91	35.89	35.63	107.43	7.16	7	46
Phoenix, AZ	Arizona Public Service Company	34.61	34.61	34.61	103.83	6.92	8	52
Chicago, IL	Commonwealth Edison Company	33.32	32.69	33.56	99.57	6.64	9	69
Baltimore, MD	Baltimore Gas & Electric Company	31.86	32.50	32.50	96.86	6.46	10	77
Cleveland, OH	Cleveland Electric Illuminating Comp.	33.03	31.98	31.80	96.51	6.43	11	79
Kansas City, MO	Kansas City Power & Light Company	31.64	31.64	31.64	94.92	6.33	12	83
Detroit, MI	Detroit Edison Comp.	31.23	29.89	31.53	92.65	6.18	13	92
Columbus, OH	Columbus & Southern Ohio Electric Comp.	30.30	31.55	30.45	92.30	6.15	14	93
Dallas, TX	Dallas Power & Light Company	28.26	27.87	32.60	88.73	5.78	15	106
Denver, CO	Public Service Comp. of Colorado	27.31	28.11	26.21	81.63	5.44	16	120
San Jose, CA	Pacific Gas & Electric Company	26.37	26.37	26.37	79.11	5.27	17	131
Washington, DC	Potomac Electric Power Company	25.40	26.95	26.49	78.84	5.26	18	133
Houston, TX	Houston Lighting & Power Company	25.86	25.53	26.68	78.08	5.20	19	139
Milwaukee, WI	Wisconsin Electric Power Company	23.26	27.93	26.28	77.46	5.16	20	141
Indianapolis, IN	Indianapolis Power & Light Company	24.88	24.85	24.19	73.85	4.93	21	154
Cincinnati, OH	Cincinnati Gas & Electric Company	23.47	25.67	24.27	73.31	4.89	22	158
Oklahoma City, OK	Oklahoma Gas & Electric Company	22.88	23.27	25.17	71.24	4.75	23	161
Atlanta, GA	Georgia Power Company	23.51	23.51	23.51	70.53	4.70	24	165
St. Louis, MO	Union Electric Company	21.78	21.78	21.78	65.34	4.36	25	173

Source: Data provided to the NARUC by its member State Commissions.

NOTE

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p. 1-3, 6, 21, 24-25, 28,

68.